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Transportation and Traffic Management

THE AIR FORCE FREIGHT LOSS AND DAMAGE CLAIMS SYSTEM

This regulation states the current policies, procedures, and requirements for the development of factual evidence to support freight loss and damage claims against commercial carriers for in-transit loss or damage to Air Force property. It is mandatory for use by all Air Force activities including the Air Force Reserve, Air National Guard, and Air Force contractor consignees. When Air Force property is consigned to other military services, Defense Logistic Agency (DLA), or General Services Administration (GSA), and is lost or damaged, the procedures given in this regulation will be followed when reporting the discrepancy to Air Force Accounting and Finance Center, Directorate of Settlement and Adjudication, Freight and Travel Office, (AFAFC/AJF) for claim action. This revision is necessary because of changes to Joint Services Regulation AR 55-38 NAVSUPINST 4610.33C/AFR 75-18/MCO P4610.19D/DLAR 4500.15, Reporting of Transportation Discrepancies in Shipments, which requires the use of the SF 361, Transportation Discrepancy Report (TDR), for reporting all transportation discrepancies in shipment. The TDR is the source document for the SF 362, U.S. Government Freight Loss/Damage Claim.

Part one provides the background, authorities, policies, responsibilities, and principles to determine liability for loss or damage and measure of damages. Part two provides guidance to transportation officers for developing and reporting of evidence to support the freight loss and damage claims initiated by the office of final action.

**PART ONE—LOSS, DAMAGE, OR DESTRUCTION OF AIR FORCE PROPERTY
INCIDENT TO SHIPMENT**

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PART ONE

LOSS, DAMAGE, OR DESTRUCTION OF
AIR FORCE PROPERTY INCIDENT TO SHIPMENT

Chapter 1

FREIGHT LOSS AND DAMAGE CLAIMS SYSTEM EXPLAINED

Section A—Basic Freight Claims System

1-1. Introduction. The freight loss and damage claims (FLDC) system is a prescribed method for determining the commercial carrier's responsibility, and whether the carrier may or may not be held liable for loss of or damage to property in shipment; finding out the measure of damages; and initiating a SF 362, U.S. Government Freight Loss/Damage Claim. Its success depends upon procedures prescribed in AFR 75-18, and the use of SF 361, Transportation Discrepancy Report (TDR). The SF 361, (Request for Information—RFI/TDR) is a multipurpose document for reporting all transportation discrepancies in shipment or request for information, and is the source document for claim action. See AFR 75-18, chapter 2, figures 2-1 through 2-3; chapter 3, figures 3-1 through 3-3; chapter 4, figure 4-1; chapter 5, figure 5-1; and appendix E, for instructions for preparing SF 361 and documents required for claims purposes. Additional instructions on losses and damages to shipments made to or received from Air Force contractors are in Federal Acquisition Regulation (FAR), 42-1405. See AFR 182-2, chapter 4, and AFR 75-1, chapter 7, for instructions for proper processing of losses and damages in shipments via United Parcel Service (UPS).

Section B—Authorities

1-2. Recovery of Freight Loss and Damage. 49 U.S.C. 11707 provides that a shipper who suffers damage to property in transportation in interstate commerce shall be compensated for "... the actual loss, damage, or injury to such property caused by ... the common carrier."

1-3. Requirement for Reporting. AFR 75-18 requires the reporting of transportation-type discrepancies in shipments received by a military activity, DLA, GSA, or a government contractor when shipped via a commercial carrier, and for notifying the carrier by a prescribed standard form of the discrepancy in shipment. Use the SF 361:

a. To request information (RFI) for investigative purposes per AFR 75-18.

b. For mandatory reporting, when amount of loss or damage exceeds \$100, including all applicable factors of property value, repair cost, replacement cost, or unearned freight charges.

1-4. Uniform Settlement of Claims. AFR 177-19 cites uniform policies and procedures for settling a freight loss and damage claim with the commercial carrier. Make sure the TDR complies with the provisions of this regulation before submitting to the claims office.

Section C—Policies

1-5. Development of Discrepancy Data. The transportation officer's (TO's) knowledge of and familiarity with rules and regulations which govern shipments by commercial carriers permit them to make an investigation and place responsibility for loss or damage to property. The TO is encouraged to discuss the discrepancy with the carrier's local agent. This may bring out facts helpful in developing the discrepancy; also potential issues may be documented while evidence is available. This may help later to resolve, clarify, or dispute a carrier inquiry or protest. Transportation officers must not discuss liability of the carrier during conferences with carrier agents. Discussion of liability with the carrier is reserved to the office of final action (OFA) which establishes the claim.

1-6. Remittance From Carriers. Carriers should not pay claim amounts directly to local Air Force activities. Generally, remittances received from carriers cannot be credited to the accounts of the Air Force activity or contractor involved. The law requires that all monies recovered from carriers for loss or damage of in-transit material be credited to the appropriation fund or account out of which such or similar material may be replaced (10 U.S.C. 2636). Advise the carrier that payment must be sent to the disbursing office, to be billed for transportation charges, as shown on the United States Government bill of lading (GBL). For Air Force claims, that office is Transportation Operations, U.S. Army Finance and Accounting Center

(USAFAC), Indianapolis IN 46249-0621. When payment of discrepancies in shipments are made to the activity receiving the shipment, and the shipment moved under a GBL, commercial bills of lading (CBL) (FOB Origin) or CBL for procedures for small domestic freight shipments, the TO must take the following action:

a. Air Force Funds Cited for Payment of Transportation. Send the check to U.S. Army Finance and Accounting Center, Indianapolis IN 46249-0621. The transmittal letter must include the GBL number, carrier's freight bill number, and carrier name to assure that the carrier is properly credited for payment of the claim. A copy of the transmittal letter must be sent to AFAFC/AJF, Denver 80279-5000 to complete the formal claim action.

b. Other Than Air Force Funds Cited for Payment of Transportation Charges. Send the check to the disbursing office shown in the "charges to be billed to" block of the GBL. Generally, Air Force activities do not receive shipments on CBLs citing other services funds. However, if this occurs, request disposition of the remittance from the shipper, or contracting officer.

c. United Parcel Service. Send all remittances for discrepancies in shipment by United Parcel Service (UPS) to AFAFC/AJF. The transmittal letter must show the UPS pick-up record number, UPS (LDI) number, and a complete description of the shipment.

Section D—Responsibilities

1-7. Activity Commander. The commander at each Air Force activity requires all individuals responsible for property at that activity to know whether property has been lost or damaged while in custody of a carrier. Controls established by the commander must ensure that all base activities (Supply, Maintenance, etc.) work in conjunction with the traffic management office (TMO) to provide valid data to be used in the reporting of transportation discrepancies. Controls must also ensure that discrepancies are investigated and reported to the office of final action (OFA), accurately, completely, and timely, as required by AFR 75-18.

1-8. Transportation Officer (TO). Freight loss and damage reporting agent for the Air Force is appointed according to AFR 75-1, chapter 1. The TO may be a civilian and the title may be "Traffic Management Officer" (TMO). The TO is responsible for reporting discrepancies in shipments received from commercial carriers; also, the OFA relies upon the TO

to submit the TDR. Before submitting the TDR to the OFA, the TO must complete four basic actions:

a. Initiation of Report. Makes sure a collective effort is made by transportation personnel for timely gathering of facts to establish the time, place, and circumstances of a loss or damage to property in shipment.

b. Additional Development. Coordinates investigation of a loss or damage with other offices to obtain legal or technical help, if needed.

c. Evaluation of Responsibility. Determines whether or not the carrier is responsible for a loss or damage.

d. Submission to the OFA. Develops the amount of damages and, if carrier responsibility is determined, forwards a completely documented TDR, as required by AFR 75-18, to the OFA.

1-9. Local Staff Judge Advocate. Assists transportation officers with legal advice concerning carrier responsibility as described in paragraph 1-8b.

1-10. Freight Loss and Damage Claim (FLDC) Agent. The Chief, Freight and Travel Office, Air Force Accounting and Finance Center (AFAFC/AJF) Denver CO 80279-5000 is the FLDC agent for the Air Force and has the final responsibility to determine liability and measure of damages for recovery; initiate a claim against a carrier; conduct reinvestigation of facts concerning a loss or damage if required by carrier protests; settle a carrier request for reconsideration; or determine the merits of a compromise offer. Also, the Air Force FLDC Agent ensures collections are made promptly and credited to the correct appropriation.

1-11. Office of Final Action (OFA). The office of final action is responsible for filing claim against the carrier. For Air Force claims (the GBL or CBL cites Air Force appropriation 57 _____ or transportation account code F8 _____ for transportation of materiel), the OFA is AFAFC/AJF. AFAFC/AJF processes the claims against the carriers and submits claims directly to carriers. At the same time AFAFC/AJF notifies USAFAC that claim has been made. AFAFC claim form, SF 362, U. S. Government Freight Loss/Damage Claim, directs carriers to make remittance to USAFAC.

1-12. Disbursing Office (DO). This office (shown in the Charges to be Billed to block on the GBL) pays the carrier's freight bills. USAFAC is usually the DO on GBLs that cite Air Force funds for transportation. However, USAFAC collects Air Force claims only after AFAFC has made the

claim against the carrier. If, after receipt of the Air Force claim, the carrier does not voluntarily pay the amount of the claim to the DO within the time limitation on the claim form, the DO deducts the claim indebtedness from the carrier's freight revenue, when revenue is available. If the DO is not successful in setoff action, the claim is returned to AFAFC/AJF for collection action.

1-13. Cognizant Finance Center. This is usually the disbursing office shown on the face of the GBL. It is not the OFA for Air Force claims. When the GBL cites Air Force (57) funds, submit the TDR, cancellation, inquiry, or protest to AFAFC/AJF. When the GBL cites Army (21 ____) or Office of Secretary of Defense (97 ____) appropriation or fund for payment of transportation charges, submit the TDR to USAFAC.

Section E—Freight Terms Explained

1-14. Terms of Common Usage:

a. Astray Freight. Shipments or portions of shipments found in carrier's possession and billing (waybill, freight warrant, and so forth) is not available or which is being held for any reason except transfer or onward movement.

b. Burden of Proof. The burden is on the government to prove the facts of carrier responsibility for loss or damage, the amount, and extent of damages. These facts must be shown with reasonable certainty.

c. Clear Receipt. A receipt given to carrier, which shows that a shipment was delivered complete or in apparent good order.

d. Commercial Carrier. One (whether a single person, a group of persons, or a corporation) employed in, or engaged in the business of carrying goods for others for hire, by land, water, or air; specifically a common carrier.

e. Concealed Damage. Damage to the contents of a package that is not evident when delivered by the carrier but is later discovered when the consignee unpacks it.

f. Concealed Loss. Loss that is not evident when delivered by the carrier but is later discovered when the consignee opens the package and checks its contents.

g. Deadhead. Transportation by a common carrier on a nonrevenue freight bill.

h. Discrepancy. "Discrepancy," "transportation-type discrepancy," "discrepancy notation," "discrepancy in shipment," and "bad-order delivery," denote a variation in quantity or condition

of materiel received from that shown on the bill of lading or governing transportation document.

i. Free on Board (FOB). A bill of lading term generally denoting ownership of goods in transit. The term "FOB origin" means the consignee takes title to the goods at origin, (unless otherwise specified in the contract) and is responsible for claim for any loss or damage in transit. The term "FOB destination" means the shipper retains ownership until delivery, (unless otherwise specified in the contract) and claim for any loss or damage in transit should be made by the shipper.

j. Free Astray. Used by commercial carriers to designate and describe misdirected freight that is being transported at carrier's expense to the proper consignee.

k. Freight Forwarder. An individual firm, partnership, corporation, company, or association other than a railroad, motor, or water carrier, which represents itself as a common carrier. The freight forwarder is liable for the shipment from origin to destination regardless of the number of common carriers used.

l. Freight Loss/Damage Claim (FLDC). "Freight claim," "claim," refers to SF 362, U.S. Government Freight Loss/Damage Claim. This form gives the factual data of an in-transit loss, damage, or destruction of Air Force property in the custody of a commercial carrier. It is the document used by AFAFC/AJF to establish claim against the carrier. It is also used to notify USAFAC (three copies transmitted at time original claim is sent to the carrier) to deduct the claim amount from the freight revenue due carrier if carrier does not voluntarily remit the amount of claim to USAFAC within 120 days from the date of the claim.

m. Incidental Damages. Those damages which naturally and proximately arise from the loss of or injury to property in the possession of the carrier for transportation. This includes expenses reasonably and necessarily incurred by the government in an effort to preserve the property or mitigate the amount of loss.

n. Overage. Any article of freight (packaged or loose) which, upon delivery by carrier, is found to be in excess of the quantity of material recorded on the bill of lading covering the shipment.

o. Prima Facie. At first appearance, before investigation.

p. Prima Facie Evidence. Evidence sufficient to establish a fact, or to raise a presumption of fact unless rebutted.

q. Property. For the purpose of this regulation, "public property," "government property," "Air Force property," "military property," or "property" include

all government property under the control of the Air Force. The term "property" includes materiel or goods acquired by purchase, lease, rental, or any other method.

r. Proximate Cause of Damage. Proximate cause is defined as the cause which, in a natural and continuous sequence, unbroken by a new cause, produces the loss or damage and without which the loss or damage would not have occurred. It is also defined as the primary moving cause, or the predominating cause, from which the injury follows as a natural, direct, and immediate consequence, and without which it would not have occurred.

s. Released Valuation Rate. A rate applied subject to limitation of the liability of the carrier in case of loss of or damage to a shipment.

t. Short Freight. Any package or loose article of freight accepted by a carrier for movement but not delivered to consignee.

u. Commercial Forms and Procedures for Small Domestic Freight Shipments. These procedures allow Air Force TOs to ship certain small domestic freight shipments under CBLs. Freight charges are billed to the consignor and paid by the local accounting and finance officer.

v. Special Service. A service offered by carriers in published tariffs, such as but not limited to: signature security service, two drivers, air-ride equipment, armed guard, etc., for which additional charges are assessed. Report to claims office regardless of the amount.

w. Multiple Appropriations Cited on GBL. When property belonging to two or more services is lost or damaged moving under one GBL, the claim will be processed by the claims office of the service of the reporting activity. Collection of the losses will be credited, as applicable, to the appropriation of each service.

Chapter 2

DETERMINATION OF LIABILITY

2-1. General Discussion. This chapter provides the basic principles of carrier liability and the conditions and exceptions by which the carrier may be excused from liability. Loss and damage claims include many questions other than merely whether the carrier is liable for the loss or damage. These include questions of measure of damages, mitigation of damages, whether the freight charges were earned, whether the goods must be accepted by the consignee, whether carrier or shipper liability is involved, etc. The law in this area is well settled and most problems are factual and decisions are based on the amount of evidence. Obtain the advice of the base Staff Judge Advocate concerning all legal questions involving carrier liability.

Section A—Principles of Carrier Liability

2-2. Common Law Rule. At common law, a common carrier is absolutely liable for the loss of, or damage to, property received by it for transportation. A carrier can only justify or excuse a default where a loss or injury occurs by an:

- a. Act of God
- b. Act of public enemy (war)
- c. Act or mandate of public authority
- d. Act or fault of the shipper
- e. Defect in or inherent vice of the property, or where the loss or injury results from some cause against which it has lawfully contracted.

2-3. Rule for Strict Accountability. The rule of strict accountability, or as it is sometimes referred to, "strict liability," to which the carrier was held at common law was not founded upon contract, but was imposed by law to protect the shipper. It was founded in the policy of the law arising out of the hardship which would result to shippers from the adoption of any other rule. This common law rule is based upon the public character of the carrier's duties; the inequality of the carrier and the shipper; the absolute possession and control of the property by the carrier during shipment; the entire separation of the shipper from his or her property during transport; the shipper's lack of opportunity to protect it by any efforts of his or her own; the opportunity of the carrier for embezzlement and for fraudulent collusion with others; and the ordinarily exclusive possession by the carrier of the means of evidence, and the difficulty, if not impossibility, of proving the fraud or negligence by which the goods were lost or damaged.

2-4. Beginning of Liability. The liability of a common carrier begins on the delivery of the goods to it for transportation; that is, as soon as the delivery is complete and the possession of the goods has been transferred from the shipper to the carrier. An actual delivery is an acceptance by the carrier as well as transfer of the physical possession and control of the goods. No formal acceptance is necessary; the fact that a bill of lading (BL) has not been receipted does not indicate that the carrier has not accepted the goods. However, delivery cannot be complete if anything remains to be done by the shipper before the goods can be forwarded. Yet, if the thing that remains to be done is something which is the duty of the carrier to do, without further action on the part of the shipper, then the liability of the carrier has begun.

2-5. Terms of the Contract of Carriage. The bill of lading (BL) contains the terms of the contract of carriage. The relations between the shipper and the carrier are contractual in nature even though the terms of the contract are fixed by law and not by agreement of the parties. While a shipping receipt may be no more than a mere receipt for goods, it may constitute the contract of carriage, and is evidence, although not conclusive, of delivery to the carrier of goods of the quantity and condition receipted for. A BL is both a receipt and a contract; a receipt as to quantity and description of the goods, and a contract to transport and deliver such goods to the designated consignee on the terms specified. A BL is prima facie evidence that the goods represented by it were delivered to the carrier. It is prima facie evidence of the quantity and quality of the goods delivered, at least so far as external conditions are concerned. The issuance of a BL carries the presumption that the goods were delivered to the carrier. A BL acknowledging carrier's receipt of goods is, however, only an admission which can be contradicted by showing the true facts.

2-6. Receipt Clauses in the Bill of Lading. These clauses, which describe the property shipped, do not prevent either party from introducing evidence or explanation of such clauses. Ordinarily, the statement in the BL or shipping document is prima facie evidence as to the quantity and condition of goods accepted for shipment. Yet, the receipt clauses in these transportation documents are subject to explanation, variation, or contradiction by evidence.

2-7. Clear Delivery Receipt. When the carrier holds a clear delivery receipt for goods later found to have been short or damaged, the receipt may not be construed as final since the terms of the receipt may be varied by the facts actually developed. The actual facts may be explained by signed statements or affidavits by personnel who executed such clear receipt and later discovered the shortage or damage. This way it may be possible to prove that the discrepancy at time of delivery did, in fact, exist. Claims for in transit loss or damage are very difficult to sustain when a carrier has been given a clear delivery receipt. The utmost care must be exercised by transportation personnel to avoid releasing signed delivery receipts before thorough examination of the property delivered.

2-8. Concealed Damage. When there is no visible damage to a container upon delivery, giving a clear receipt to the carrier does not always relieve him or her of liability. However, claims of carrier liability for concealed damage constitute one of the biggest problems in the Air Force freight claims system as they are among the hardest to prove. Concealed damage claims require almost undeniable proof of carrier responsibility for the damage, especially if any significant amount of time has elapsed between the delivery and the discovery of damage. Carriers, generally, will refuse to accept liability for concealed damage reported after an apparent clear delivery. Carriers can claim that the property was damaged by consignee personnel after delivery since property is often moved by the consignee from the unloading dock to another area before concealed damage is discovered. Considerable weight can be attached to that position. The burden of proof is upon the owner of the property to overcome the evidence of the clear delivery receipt. This can be done only by development of the most complete factual data to establish where, how, and in whose possession the property was when the damage occurred. Signed statements or affidavits by transportation or materiel shipping and in-checking personnel giving complete details about time, place, and circumstances of delivery acceptance at origin and concealed damage discovered at destination are required to support a claim of carrier liability. The Air Force must:

a. Prove that the property was delivered to the carrier at origin in good condition or at least in better condition than it was when received at destination.

b. Offer credible proof that the damage occurred while the property was in the possession of the carrier.

c. Establish that neither the shipper nor the consignee could have been responsible for the damage.

2-9. Carrier's Duty To Protect Property. A carrier's duty is not limited to the transportation of goods delivered for carriage. The carrier is required by law to protect the goods from destruction and injury from conditions which he or she could prevent. He or she must guard the goods from destruction or injury from the elements, the effects of delays, and any other source of injury which, by exercising care and ordinary intelligence, he or she could know about, anticipate, and prevent.

Section B—Exceptions to Rules of Carrier Liability

2-10. Number of Absolute Exceptions. The almost absolute liability of a common carrier for loss or injury to goods received for carriage is subject to five exceptions. The following paragraphs describe these.

2-11. Act of God. A carrier is not liable for loss or injury to property caused by an Act of God. This has been defined to be an event which could not happen by the intervention of man, or be prevented by human skill, knowledge, or foresight. It includes extraordinary floods, storms, unusual lightning, sudden tempests, severe frosts, earthquakes, tidal waves, and the like. An Act of God, as the term is known in law, is such an unusual and extraordinary manifestation of the forces of nature that it could not under normal conditions have been anticipated or expected. It justifies the failure of the common carrier to perform his or her contract of carriage and relieves him or her of the liability for the loss of or injury to the property concerned. The rule, however, is not absolute. Although loss or injury to property results from an Act of God, if the carrier is negligent in not avoiding or lessening the damages, it is liable. For example, the rule does not apply if:

a. The carrier failed to obtain or ignored local reports of severe storms and brought the property into contact with the destructive force.

b. The event was not the immediate or only cause of the loss or damage.

c. A freezing condition occurred at a season of the year or in a climate where freezing weather was reasonably to be expected.

2-12. Act of the Public Enemy. Carriers are not liable for loss or damage caused by acts of organized military or naval forces of a nation at war with the United States. Such groups as mobs, rioters, or

strikers are not considered to be the "public enemy" and losses caused by them do not fall within this exception.

2-13. Act or Mandate of Public Authority. Common carriers are under the control of public authority to the same extent as other persons, and must equally obey the orders of properly constituted government officials. If freight is lost or damaged as a result of obedience to such orders, without any intervening fault of the carrier, the carrier will not be held responsible.

2-14. Act or Fault of the Shipper. A common carrier is not liable for any loss or injury resulting from the act or fault of the shipper without fault on the part of the carrier. This exception to the carrier's common law liability includes every case where the loss is caused by the shipper's act whether that act is one of negligence, misconduct, or misfortune. The rule is most frequently applied in cases of loss due to defective packing and improper loading. Three elements must be present to give the rule effect: (1) The shipper must have performed the loading, (2) There must have been a defect in the loading, (3) The defect must have been concealed from ordinary observation. If the improper packing is known to the carrier or it is apparent upon ordinary observation and inspection, it is the duty of the carrier to refuse to receive the property. If the carrier, nevertheless, accepts the property he or she would not be relieved from liability for loss or injury resulting from the defective packing or improper loading. The shipper's responsibility for shortage or damage is obvious when:

a. Carload or truckload lots under shipper's load and count arrive with original seals intact. There must not have been any other circumstances which could have caused the shortage or damage.

b. Packages, containers, boxes, crates, etc., arrive with contents damaged but with no external evidence of damage, tampering, or repacking in transit. Again, there must not have been any other circumstances which could have caused the damage.

c. Defects in packaging or loading were not visible by ordinary observation to the carrier who accepted the freight.

2-15. Defect in or Inherent Vice of the Property. Another exception to the absolute liability rule imposed upon the carrier is when the loss or damage arises from the nature and existing character of the property carried. A carrier is not liable for loss or damage to a shipment resulting from an existing defect in the property shipped and not caused or

contributed to by the negligence of the carrier. Common exceptions are shipments subject to natural decay of perishable goods, fermentation, or evaporation. A carrier, by showing that it used reasonable care and diligence considering the nature of the shipment, may free itself from liability for damage to perishables. Of more complex nature, and harder to prove as to defect or inherent vice, are items of property subject at time of shipment to metal fatigue, defective welding, weakness in structure, faulty workmanship, poor material integrity, etc. A carrier is not an insurer against loss caused by the inherent nature, vice, or infirmity of the property shipped. Under the federal rule, when a carrier shows that damage resulted from inherent infirmity of goods transported under circumstances not shown to be negligent, the burden of proving negligence rests upon the claimant.

Section C—Factors of Carrier Liability

2-16. Common Faults of Carrier. The carrier is responsible for loss or damage when:

a. Fire, wreck, or other casualty, not directly attributable to an Act of God, destroys property in its possession.

b. A loss or injury is occasioned by a combination of an Act of God and the negligence of a carrier. If the loss or damage could have been averted had the carrier acted with caution or efficiency, the carrier may not be relieved of liability.

c. Freight disappeared while in its possession. This includes theft or pilferage.

d. Freight is delivered, without authority, to other than the designated consignee.

e. Freight is damaged through rough handling in transit, at carrier's terminals, or transfer points.

f. Defective or inadequate packing is readily apparent and could be observed by the carrier at time of acceptance but carrier, nevertheless, accepts such shipment for transportation.

g. Carrier failed to provide safe and adequate service, equipment, and facilities for the transportation of the property.

h. Freight had shipper's seals broken by carrier en route and although resealed by carrier was delivered short or damaged.

i. Carrier failed to properly load, stow, block, or brace less than carload or truckload shipment.

Section D—Factors That Relieve Carrier of Liability

2-17. Common Faults of Shipper. Some shipments take place in a routine manner and no incident

occurs during transportation which could force responsibility on the carrier for loss or damage found at destination. Notwithstanding the rule of almost absolute liability, the carrier may be relieved of responsibility for loss or damage occurring en route if it can be proved that the shipper:

a. Failed to actually ship items described or listed on the GBL.

b. Failed to prepare property for shipment to ensure safe carriage under ordinary hazards of transportation.

c. Failed to use suitable containers, pallets, skids, etc., for freight shipped.

d. Failed to properly load, stow, block, and brace carload or truckload shipment. The above rules cannot be applied if the improper lading, loading, or similar deficiency, was known to the carrier or could have been apparent upon ordinary observation. If such deficiency were apparent, the carrier had a duty to reject the shipment; if the carrier accepted the deficient shipment, he or she may not be relieved of liability.

Chapter 3

MEASURE OF LOSS AND DAMAGE

Section A—Determination of Value

3-1. General Rules. The Air Force is entitled to be paid for the actual loss of or damage to its property. The government's damages will be measured as determined by principles of law. The exact amount of loss or damage is a question of fact which must be proved by evidence. Claims for loss or damage to government property by commercial carriers are based on documented facts and firm evidence. The burden of proof is on the government to prove the loss or damage occurred while the property was in the possession of the carrier. Evidence submitted must support both the charge of carrier responsibility and the amount of the government's loss. Documentary evidence submitted to support the amount of the claim must include any incidental damage arising from the loss or damage to the property. Incidental damages are those expenses reasonably and necessarily incurred by the government to restore the property or to mitigate the damages. The actual loss for property lost or destroyed may be the market value at time of shipment. More often the amount of actual loss is measured by the Federal Supply Catalog quotation or DLA Consolidated Management Data List for like items less depreciation allowance for used condition, if applicable. That determination is made by the item manager (IM) of the property concerned. See AFM 67-1, volume I, part II. If the property was in reparable condition when shipped, its value may be further reduced by application of average standard cost of repair to the depreciated value. For damaged property that can be repaired, the government is entitled to recover either the loss in property value or the actual cost of repair. Generally, the actual cost of repair, if reasonable and equitable, is the accepted measure of damage. For property damaged beyond economical repair, the measure of damage is the difference between the market or Federal Supply Catalog or DLA Consolidated Management Data List value immediately before shipment (again depreciation allowance may apply) less the salvage value recovered through the established property disposal facility. AFR 177-19 prescribes the general policies and procedures to use in developing the measure of damages for an in-transit loss or damage. The contents of this chapter supplement that regulation with more detailed discussion of measure of damages and authorizes necessary deviations. When doubt exists as to the proper value of

an item, or any condition exists which would affect the amount of loss or damage to be claimed, the responsible IM makes the determination of value.

3-2. Property Valuation. The term "market value" is not always applicable to government property values. Some government property is not suitable for commercial or industrial use. It is valuable only for military purposes and has no comparable commercial market value. At law, the measure of damages for loss or damage to an article having no market value is the value of the article to the owner. Contracts, purchase orders, and invoices are acceptable proof of value and sometimes apply when an item moves from the manufacturer to the first government destination. However, these procurement documents are not maintained as a means of property valuation after the purchased items are placed in the federal property system. The Federal Supply Catalog uniform quotation or DLA Consolidated Management Data List for each class and type of item then becomes the authority for value. The price quotation is based on the average purchase price of like items procured by the Defense Logistic Agency (DLA) or the Air Force under contract purchases within the same general period. Price quotations for items purchased by General Services Administration (GSA) are maintained in the GSA Stock Catalog. These costs are usually less than open market prices due to the volume of purchases. If, for some unusual reason, value is unknown or there is doubt concerning the preshipment value of an item lost or damaged, consult the IM. That office determines value based on consideration of original cost, its utility and use, condition and age, and the extent, if any, to which it has deteriorated or depreciated. If, however, there is a continuing need for a like or similar item, and there are none available in the supply system, the actual value may be the estimated cost to reproduce or replace the item (including transportation cost) less allowances for preshipment condition of the property lost or irreparably damaged. Sometimes lost or damaged property has no value other than as scrap. The property may be obsolete or have been shipped for disposal through the established property disposal channels. If the property has no value other than as scrap, that value will represent the measure of loss or damage.

3-3. Depreciation of Property. Many items of government property, although classed as serviceable

(materiel condition code A) are actually depreciated in value at time of shipment from one site to another. When used property is lost, irreparably damaged, or damaged beyond economical repair, the question of depreciation must always be considered when determining the amount of the government's actual loss. For property in preshipment reparable condition, both depreciation allowance and average standard cost of repair may apply for computation of the actual loss. For property for which there is a continuing need and which must be replaced, the amount of loss is based on the adjusted replacement cost. Obtain it by deducting depreciation applicable to the used item from the cost of a new like item. For property which will not be replaced, the amount of loss is determined by deducting depreciation allowance from the original cost or the Federal Supply Catalog quotation or DLA Consolidated Management Data List under which the property was carried in the Air Force inventory. Usually, a depreciation rate is based on the service-life expectancy of an item of property. These rates should be maintained by the IM of the class of property involved. When a depreciation allowance applies, the transportation officer requests it from the IM. Depreciation allowances based on the technical knowledge of the IM will establish a sound basis for an equitable claim. The statement of depreciation allowance must be attached to the TDR. It must show the factors considered and the method used to compute the depreciation allowance. This is needed by the OFA to document the claim against the carrier. As applicable to the item involved, the statement should include at least:

- a. Date of purchase and manufacturer.
- b. Original acquisition cost.
- c. Replacement cost of like item and source of this quotation.
- d. Estimated or published life expectancy (if published, give source).
- e. Preshipment condition.
- f. Current need to the Air Force.
- g. Average standard repair cost for item shipped in reparable condition.

3-4. Mitigation of Damages. The consignee may not lawfully refuse to accept property belonging to the government just because he or she suspects damage may be present or even where the property is actually partially damaged unless such damage is so extensive the property is damaged beyond economical repair (see paragraph 3-14). Unless arrangements are made with the carrier to repair the damaged property, or to accept it and anticipate

claim for its full value the consignee must receive the partially damaged property and take action to mitigate the damage where possible and practicable. 13 C.J.S., CARRIERS, section 270, states "It is the duty of the property owner to make reasonable efforts to minimize the damages, and no recovery can be had for damage which such efforts would have prevented." A claim against the carrier represents the actual loss to the government, no more, no less. Ordinarily the actual repair costs, if reasonable and equitable, represent a proper measure of damage.

Section B—Property Conditions Affecting Value

3-5. New Unissued Property. When new unissued property is lost, irreparably damaged, or destroyed in transit, the actual loss to the Air Force may be determined from the contract or purchase order price. The source of value and the amount of cost for the item shipped must be shown on the TDR. Attach a copy of the priced shipping document to the reporting document. When the purchase price is not furnished to the consignee with the shipment, request the responsible IM or contracting officer to determine the value and obtain the priced copy of shipping document for the installation reporting the discrepancy.

3-6. Serviceable Like New Property. A considerable amount of Air Force property, although not new, is shipped as serviceable (materiel condition code A). This is property that is in good as new condition and has not been subjected to enough use to have depreciated more than a negligible amount. It may also be property not subject to depreciation. Some items of property, such as certain aircraft engines, due to engineering improvements and modification, may appreciate rather than depreciate in value. This may also apply to other items. The Air Force is entitled to recover the full value of such serviceable like new property, if that was its actual value, at the time it moved in shipment. Generally, the priced copy of the DD Form 1348-1, DOD Single Line Item Release/Receipt Document, serves to establish both the preshipment condition and value of the lost, irreparably damaged, or destroyed property. However, if depreciation does not apply to the serviceable condition of the item shipped, that information must be made clear on the TDR, or be shown in the supporting documentation.

3-7. Serviceable Used Property. Depreciation should be considered on most serviceable used property to some extent, even though the property may

still be in good useable condition and capable of performing its mission. The fact that it has actually been used an average or a considerable length of time means that its serviceability and life expectancy have been lessened. A depreciation allowance applies for claim purposes if it is lost, irreparably damaged, or destroyed. The shipper must furnish verification of the actual preshipment condition. The responsible IM must furnish the depreciation allowance statement (see paragraph 3-3). The depreciation allowance can then be applied to the applicable Federal Supply Catalog price or DLA Consolidated Management Data List to determine the amount to be claimed for the item if it is not required to be replaced. If the item is required to be replaced, and the current purchase price is more than the price under which it was carried in the federal or United States Air Force inventory, apply the depreciation allowance applicable to the lost, irreparably damaged, or destroyed item to the cost of the replacement item to arrive at the amount to be claimed.

3-8. Repairable Property. Property shipped in need of repair also requires a finding of actual amount of loss. The acceptable method for determining repairable value is the Federal Supply Catalog value or DLA Consolidated Management Data List reduced by depreciation factors to used value, the used value further reduced by average standard, or estimated repair cost to determine actual repairable value. Some property is declared repairable because of operational use (specified number of hours). It may have been in transit to a repair facility for restoration to serviceable condition at the time it was lost, irreparably damaged, or destroyed. The average cost of restoration may give the preshipment condition allowance to be used in lieu of average cost of repair. The TO must ask the IM to furnish the repairable value data or restoration costs, as applicable. A statement or AF Form 20, Repair Cost and Repairable Value Statement (see figure 3-1), may be used to show how the average cost of repair or restoration cost was computed. It must be prepared and signed by a technically qualified person. Include in the statement or the AF Form 20, Repair Cost and Repairable Value Statement, the source of the average repair cost or restoration data.

Section C—Repair Costs

3-9. General Discussion. When Air Force property is damaged and can be repaired, damages are measured by the cost of the repair necessary to

restore the property to its condition before the injury. The Air Force is not entitled to the portion of cost of repair which makes the property more valuable than it was before the injury. When repairable property is damaged in transit and then repaired, the cost of any repair expense attributable to preshipment condition must be deducted from the total repair cost. As with all elements of damages, cost of repair (actual or estimated) must be shown to be reasonable. AFR 177-19, paragraph 1-11, sets forth the uniform policy for military facilities with a cost accounting system; AFR 177-19, paragraph 1-12, gives detailed instructions and an example of computation of cost of repair for military facilities that do not have detailed cost accounting data.

3-10. Repair by Air Force Facility. When Air Force property is damaged in transit and claim against the carrier is applicable, the carrier insists upon, and is entitled to receive an itemized statement (break-down) of the actual repair costs relating to the specified damaged item. The repair facility may use either an itemized statement or an AF Form 20 (see figure 3-2) to itemize the actual repair charges, or two copies of the contractor's paid invoice for commercial repairs. For Air Force installations with a cost accounting system, the AF Form 20 is preferred. It must show the cost pertinent to the specific repaired item; not the repair costs applicable to the cost accounting reporting system of the facility as a whole. Compute the repair cost (direct material and labor less the salvage, if applicable per paragraphs 3-14 and 3-15) and overhead costs pertinent to hours required to repair the damaged item only, per AFR 177-19. Overhead is the product of the same number of hours as actual hours times the predetermined or standard overhead rate. The repair cost statement should also include, if applicable, transportation costs to and from the repair facility, repacking costs, and depreciation (see AFR 177-19, chapter 1). If property required repair before it was damaged in transit, preshipment repair costs must be shown separately from the in-transit repair costs. The preshipment repair costs must then be deducted from the total costs of repair to determine the amount to be charged against the carrier for the in-transit damages. When transportation of damaged property to and from the repair facility is required, attach copies of the GBL and/or carrier's freight bills to the actual repair cost statement to support or document the transportation charges. Estimated average standard repair cost statements do not fulfill the requirement for actual repair costs pertaining to the repair of a specific

damaged item. Because of the administrative costs involved, the repair facility does not maintain separate actual repair cost data for each specific item repaired. They can, however, provide the actual itemized repair cost data for repair of in-transit damages when the reporting activity properly marks the damaged property for shipment to the repair facility and shows that separate repair data are needed for freight loss and damage claims. To prevent loss of identity of damaged items and their actual repair cost data at the repair facility, the reporting activity must:

a. If possible, notify the consignee transportation personnel and request they alert the IM and maintenance shops of pending shipment of damaged property and the requirement for separate actual repair cost data required for claim action against the carrier.

b. Make sure the GBL, CBL, shipping document and the reparable tag attached to the damaged property are all annotated to show the office responsible for the TDR, file reference number, GBL, or CBL number, and show that the actual repair costs applicable to the specific item are required to file a freight loss and damage claim against the carrier. The repair facility or maintenance shops (MA/MM for Air Force Depots) are capable of and responsible for providing the actual repair cost statement, when the reporting activity places them on notice that separate actual repair cost data are required.

3-11. Repair by Other Than Air Force Facility.

Commercial concerns, DOD activities, and government agencies may make repairs to damaged Air Force property. An invoice or an itemized bill for material, labor, and overhead costs must be obtained to support a claim for damages when property is repaired by a commercial concern, DOD, or other agency. Include documented transportation charges as required under paragraph 3-10.

3-12. Estimated Cost of Repair. Generally, carriers will not voluntarily settle claims based on estimated repair costs. They demand firm figures of costs supported by documentary evidence of the government's actual expense. Estimated repair costs are applied to property damaged in transit only in unusual or exceptional circumstances such as:

a. Repair will not be made because the Air Force no longer has a need for the property.

b. Repair will be unduly delayed due to lack of parts or backlog in the repair facility, or

c. The damaged property must be shipped to another facility for repair and it cannot be scheduled for repair and return within a reasonable period of time.

If property is not to be repaired, the TO must obtain the itemized estimate of repair cost as soon as possible. Include a statement on the AF Form 20, or an attachment, giving the reason the property will not be repaired. Where the repair will be unduly delayed, the receiving TO must also obtain an itemized estimate of repair costs as soon as possible. These estimates of repair costs must be prepared and signed by technically qualified personnel who are familiar with labor costs, parts, and overhead for the type of property involved (see figure 3-1). When actual repair costs have been determined, the claim based on estimated repair costs must be adjusted. The TO maintains a controlled followup, and obtains and reports the actual cost of repair to the OFA for claim adjustment action. See AFR 177-19, chapter 1.

3-13. Transportation Charges—Repair Facility.

When it is necessary to send damaged property to a repair activity for repair, the transportation cost to and from the repair activity must be added to the freight loss and damage claim. Include a statement showing that the repair could not have been made locally at less cost by a government facility or a commercial firm. When damaged property is sent to a repair activity for repair, and then sent to a different location, the transportation cost chargeable may not exceed the transportation charges to the repair activity and back to the original GBL or CBL destination location. The transportation cost to replace an item losing its identity at the place of repair is proper. If replacement is obtained, the record must show that the second item was shipped to replace the damaged item. Normally, this charge will not exceed the cost of sending the damaged item to and from the repair facility, provided the replacement is shipped from the facility by the same mode of transportation. This charge is the natural and likely consequence of the carrier's negligence. Transportation charges to and from repair activities must be supported by copies of the applicable GBLs, CBL, or carrier's freight bills, except when items were transported via the LOGAIR system. LOGAIR rates should be furnished by the reporting activity. These rates are published periodically by AFLC/DSTMA, Wright-Patterson AFB OH (LOGAIR Tariff, Procedures for Costing LOGAIR Reimbursable Traffic).

Section D—Disposition of Salvage of Damaged Property

3-14. Acceptance or Rejection. The policies for accepting, rejecting, or disposing of carrier-damaged

property are in transportation, materiel, and security directives, particularly AFR 75-1 and AFR 75-2. Ordinarily, the consignee must accept the shipment from the carrier unless the property has been damaged beyond economical repair. The damaged property may be offered to the carrier if such offer is not restricted by security or technical reasons, or released valuation factors as cited in AFR 177-19, paragraph 1-8. The basic principle of acceptance or rejection as shown in 13 C.J.S., CARRIERS, Section 273 states "where property is injured or part of it is lost in transit, the consignee must accept the shipment and sue for damages, but where the property is so injured as to be worthless, the consignee may refuse to accept it and sue for its full value." A good rule to follow in disposition of salvage is National Motor Freight Classification (NMFC) 100-M, Item 300150.

3-15. Salvage—Recovery and Credit. When a determination has been made that damaged property

accepted by the government will be salvaged, the carrier must be notified of the intent to salvage if release of property is not restricted (see paragraph 3-14). If the damaged property is not restricted from release, it may be offered to the carrier. A carrier is entitled to credit for the salvage value of property that is not released to him or her. This includes the subassembly items or parts recovered incident to repair of damaged articles. Such credit does not apply if the recoverable amount of the claim due to shipment under released valuation, is less than the government's actual loss. When articles are damaged to the point they must be scrapped, the carrier must be allowed credit for the scrap value recovered. If applicable, deduct the cost of processing the salvage for sale. Generally, the officer who receives the property should obtain the approval of the local Staff Judge Advocate before disposing of the damaged property through the salvage sales facility. This ensures that the property is no longer required as evidence.

REPAIR COST AND REPAIRABLE VALUE STATEMENT		<input type="checkbox"/> ESTIMATE <input checked="" type="checkbox"/> ACTUAL <input type="checkbox"/> REPAIRABLE	AF NUMBER	SERIAL NUMBER GEO 79949
DEPARTMENT AF	DIVISION Cost Accounting	BRANCH/SECTION		JOB ORDER NUMBER 0-411
IDENTIFICATION (Govt. Bill of Lading No., Service No., etc.) GBL F4 894 112			NOMENCLATURE Power Plant, 1 ADK 1560-00-210-7924	
DESCRIPTION OF DAMAGE Ring Assembly Damaged				
I. SERVICEABLE VALUE				
QUANTITY	UNIT COST	VALUE \$		
II. DIRECT MATERIAL				
STOCK NUMBER	DESCRIPTION	QUANTITY	UNIT COST	TOTAL
1560-00-212-0142	Ring Assembly	1 ea	\$ 968.00	\$ 968.00
TOTAL				\$ 968.00
LESS SALVAGE CREDIT FOR REPLACED PARTS				\$ 242.00
NET TOTAL DIRECT MATERIAL COST				\$ 726.00
III. DIRECT LABOR				
WORK CENTER	DIRECT MAN-HOURS	RATE	TOTAL	
Engine Overhaul	10.75	\$7,285	\$ 78.31	
TOTAL LABOR COST				\$ 78.31
IV. OVERHEAD COSTS				
WORK CENTER	DIRECT MAN-HOURS	RATE	TOTAL	
Engine Overhaul	10.75	\$8,878	\$ 95.44	
TOTAL OVERHEAD				95.44
V. OTHER COSTS - TRANSPORTATION AND REPACKAGING				
TRANSPORTATION COST	GBL F1 234 567 GBL F1 234 568	TO REPAIR FACILITY \$60.00	FROM REPAIR FACILITY \$60.00	\$ 120.00
REPACKAGING COSTS				\$ 11.25
TOTAL TRANSPORTATION AND REPACKAGING COSTS				\$ 131.25
VI. GRAND TOTAL				\$1,031.00
VII. REPAIRABLE VALUE (Used Value less Total Repair Costs)				
I CERTIFY THAT THIS REPORT IS CORRECT.				
DATE 20 May 1987	TYPED NAME, GRADE AND TITLE OF AUTHORIZED OFFICIAL NAOMI WHITE, Cost Acctg Br	SIGNATURE OF AUTHORIZED OFFICIAL <i>Naomi White</i>		

AF FORM 20 SEP 87 PREVIOUS EDITIONS OF THIS FORM WILL BE USED UNTIL EXHAUSTED.

Figure 3-1. AF Form 20, Repair Cost and Repairable Value Statement (Lost Property).

REPAIR COST AND REPAIRABLE VALUE STATEMENT		<input checked="" type="checkbox"/> ESTIMATE <input type="checkbox"/> ACTUAL <input type="checkbox"/> REPAIRABLE	AF NUMB	SERIAL NUMBER
DEPARTMENT AF	DIVISION Cost Accounting	BRANCH/SECTION		JOB ORDER NUMBER
IDENTIFICATION (Govt. Bill of Lading No., Service No., etc.) GBL F4 894 112			NOMENCLATURE Air Compressor NSN 4310-00-957-5280	
DESCRIPTION OF DAMAGE Lost, Shipped as Repairable, Needing Teardown, Overhaul and Reassembly				
I. SERVICEABLE VALUE				
QUANTITY 1	UNIT COST \$3,431.00	VALUE \$ 2,573.25 (2 yrs Svc - Deprc 25%)		
II. DIRECT MATERIAL				
STOCK NUMBER	DESCRIPTION	QUANTITY	UNIT COST	TOTAL
9905-00-205-2795	Reflectors	4 ea	\$.23	\$.92
9906-00-201-2685	Pump Assembly	1 ea	\$150.00	\$150.00
TOTAL				\$150.92
LESS SALVAGE CREDIT FOR REPLACED PARTS				
NET TOTAL DIRECT MATERIAL COST				
III. DIRECT LABOR				
WORK CENTER	DIRECT MAN-HOURS	RATE	TOTAL	
46611	5.5	\$7.285	\$ 40.07	
TOTAL LABOR COST				\$ 40.07
IV. OVERHEAD COSTS				
WORK CENTER	DIRECT MAN-HOURS	RATE	TOTAL	
46611	5.5	\$8.878	\$ 48.83	
TOTAL OVERHEAD				\$ 48.83
V. OTHER COSTS - TRANSPORTATION AND REPACKAGING				
TRANSPORTATION COST	TO REPAIR FACILITY	FROM REPAIR FACILITY		
REPACKAGING COSTS				
TOTAL TRANSPORTATION AND REPACKAGING COSTS				
VI. GRAND TOTAL				\$ 239.82
VII. REPAIRABLE VALUE (Used Value less Total Repair Costs)				\$2,333.43
I CERTIFY THAT THIS REPORT IS CORRECT.				
DATE 20 May 1986	TITLE OF AUTHORIZED OFFICIAL ODELL WILEY, Chief Cost Acctg Div		SIGNATURE OF AUTHORIZED OFFICIAL	

AF FORM 20
SEP 67

PREVIOUS EDITIONS OF THIS FORM WILL BE USED UNTIL EXHAUSTED.

Figure 3-2. AF Form 20, Repair Cost and Repairable Value Statement (Damaged Property).

PART TWO

DEVELOPING THE AIR FORCE FREIGHT LOSS AND DAMAGE CLAIM

Chapter 4

INTRODUCTION

4-1. Discrepancy Reporting System. The instructions in this part implement the procedures prescribed by AFR 75-18 for reporting, documenting, and adjusting transportation-type discrepancies in shipments received by the military services, Defense Logistics Agency (DLA), and General Services Administration (GSA) which the transportation officer (TO) determines to be carrier responsibility. These reporting requirements cover discrepancies in shipments of property owned or controlled by the Air Force and property of other government departments or agencies transported on a government bill of lading (GBL) or a commercial bill of lading (CBL) by a common carrier when Air Force (57) funds are cited for the cost of transportation. These instructions apply when the TO, using the rules in chapter 2, completes the TDR to show carrier responsibility for loss or damage.

4-2. Exclusions. AFR 75-18 excludes use of the TDR for reporting certain types of transportation discrepancies including:

a. Deficiencies in preservation, packaging, packing, and marking, reportable on SF 364, Report of Discrepancy, per DLAR4140.55/AR 735-11-2/NAVMATINST 4355.73B/AFR 400-54/MCO 4430.3H, Reporting of Item and Packaging Discrepancies.

b. Reporting, adjusting, and accounting for item discrepancies in shipments determined to be shipper responsibility and parcel post shipments reportable on SF 364, Report of Discrepancy, per AFR 400-54, Reporting of Item and Packaging Discrepancies.

c. Shipments of bulk petroleum via pipeline, barge, or lake tanker.

d. Shipments of uncrated household goods, privately owned vehicles and house trailers (see AFR 75-18, chapter 1).

4-3. SF 361, Transportation Discrepancy Report (TDR). The TO uses the TDR to:

a. Notify or confirm notification to commercial

carriers of discrepancies in shipments (CONUS only).

b. Request inspection of a shipment by a carrier and advise carrier where material is located and/or to pick-up material (CONUS only).

c. Request reconciliation of reported discrepancies.

d. Request pricing and shipping data from the consignee, shipping activity, or inventory control point, as appropriate.

e. Reply, by action activities, to the reporting activity request for information or action.

f. Notify recipients of the initial report when the reported discrepancies are changed or cancelled.

g. Advise the vendor or contractor, through proper channels, of discrepancies in shipments on commercial bills of lading (CBL) (FOB destination) for vendor's or contractor's account.

h. Document misconsigned shipments that have not been resolved through reconciliation efforts.

i. Document discrepancies at a stop-off or transshipment point for action by the consignee.

j. Report discrepancies determined to be carrier responsibility to the OFA to support a claim against the carrier when:

(1) The dollar value of the discrepancy or repair cost exceeds \$100.

(2) The discrepancy has not been resolved within 60 days after discovery except for classified or protected shipments. These discrepancies must be reported within 30 days.

k. Support adjustments of property inventory records and financial accounting records.

l. Report discrepancies when services ordered by the government are not performed by the carrier regardless of the amount (Protective Signature Service, etc.).

m. Report other types of transportation discrepancies cited in AFR 75-18.

NOTE: The TO must not release a copy of the completed TDR to the carrier. The only authorized format for release to the carrier is shown in AFR 75-18, figure 3-2.

Chapter 5

DEVELOPING EVIDENCE TO SUPPORT THE FREIGHT LOSS AND DAMAGE CLAIM

Section A—Preliminary Requirements for Reporting or Clearing the Discrepancy

5-1. Delay in Reporting or Clearing the Discrepancy:

a. The transportation officer (TO) is the Air Force agent who reports transportation discrepancies in shipments determined to be carrier responsibility to the office of final action (OFA) for claim action on a TDR as required by AFR 75-18. The TO also clears the discrepancy or furnishes the OFA documentation to clear the discrepancy when the evidence shows the carrier is not responsible.

b. The TO's knowledge of the rules and regulations governing shipments transported by commercial carriers enables the TO to conduct independent investigations, evaluate the evidence, and place responsibility for loss or damage (chapters 1 and 2). The TO should request help from base supply officer, base medical supply officer, shipper, item manager (IM), Staff Judge Advocate (SJA), accounting and finance officer (AFO), or other base elements in developing evidence to support the TDR, as needed. The TO always asks for this help when developing cases having doubtful aspects or involving loss or damage of classified material. The TO must consult the base medical officer when the discrepancy involves medical material regardless of value. The TO should seek legal assistance from the SJA when needed to evaluate the evidence and determine responsibility for loss or damage (see paragraph 1-9).

5-2. **Timely Notice to Carrier of Freight Loss or Damage.** When the TO receives a discrepant shipment, he or she must annotate the discrepancy on the delivering carrier's documents and on the consignee's copy of those documents. Both the consignee and the carrier's driver or representative must sign the notations. In addition, the TO must furnish prompt written notice of the discrepancy to the carrier.

5-3. **Timely Submission of the TDR to the Office of Final Action (OFA).** If the discrepancy is not resolved within 30 days for protected or classified shipments and 60 days for all other shipments, and the TO determines that the carrier is responsible for loss or damage, the TO must document the TDR and send it to the OFA for claim action. If the TDR

is amended or cancelled, a copy of the TDR, with appropriate annotations signed and dated, must be sent to the OFA. (See AFR 75-18, paragraph 1-9(b).)

5-4. **Tracer Actions.** AFAFC asks the major command (MAJCOM) for help when the reporting activity fails to provide timely replies to requests for factual information or documentary evidence required to support or defend the claim.

Section B—Initiating and Reporting Discrepancies in Shipments

5-5. General Reporting Requirements:

a. **Responsibility To Initiate TDR.** AFR 75-18 requires use of a TDR by the TO to report transportation discrepancies in shipments when a carrier is responsible for the discrepancy. The OFA uses the original TDR, documented as required by paragraphs 5-14 through 5-17 to support the claim. Generally, the TO at the Air Force receiving activity reports the discrepancy in shipment. If the reporting activity has been inactivated, the headquarters having command jurisdiction over the inactivated installation prepares, documents, and makes timely submission of the TDR to the OFA for claim action. Discrepant shipments received by Air Force contractor consignees are reported by the responsible Defense Contract Administration Service Office (DCASO). In some instances, this reporting responsibility may be delegated by the contract administration office (CAO) to a representative of the Air Force contractor.

b. **Decision Logic Table (DLT).** The TO uses table 5-1 and paragraphs 5-6 through 5-11 to determine which activity reports the discrepancy. When carrier responsibility has been determined and is shown in Item 37 of the TDR, send the original documented TDR to the OFA.

5-6. **GBL Shipments.** The TO placing a discrepancy notation on a carrier's freight bill includes all the articles lost or damaged in shipment on a single GBL on one TDR. The same procedures for proper execution of a discrepancy notation on all copies of the delivering carrier's freight bill are required by the receiving officer or other person designated by CAO at the (consignee) Air Force contractor activity. When the GBL or CBL covers the movement

of more than one truck load or carload, circumstances relating to each discrepancy on each load are different. The TO must prepare and submit a TDR documented per paragraphs 5-16 and 5-17, for each truck load or car load. All TDRs for each GBL must be submitted to the office of final action (OFA) in one report.

5-7. CBL Shipments. The contracting officer, when economically or otherwise justified, may authorize the contractor to make shipments of Air Force property on CBLs or other commercial documents under authority of the Federal Acquisition Regulation (FAR), 42-1403-2, and AFR 75-2, paragraph 32. The TO obtains a report from the contracting officer who authorized the shipment before initiating the discrepancy report. The TO reports discrepancies in CBL shipments:

a. Commercial Documents for Conversion to GBLs. The TO processes discrepancies in shipments on CBLs or other commercial documents to be converted to GBLs at destination under the reporting procedures in this chapter and AFR 75-18.

b. Prepaid CBL (FOB Origin) Shipments. A contractor or vendor may be authorized to prepay the freight charges and bill the government consignee for them as a separate item on the invoice. The TO processes discrepancies in these shipments under the reporting procedures in this chapter and AFR 75-18. Include a copy of the contractor or vendor's paid invoice showing freight charges paid as a separate item to support the claim.

c. CBL (FOB Destination) Shipments. When supplies are procured on an FOB destination basis, claim arising from a discrepancy occurring in transit is settled between the contractor or shipper and the carrier. The TO notifies the carrier and the CAO of the discrepancy with a TDR.

d. OFA's Time Limit for Filing CBL Claims. The Carmack Amendment to the Interstate Commerce Act, as amended, 49 U.S.C. 11707, provides as a condition to recovery that claim for a discrepancy in shipment on a CBL must be filed against the carrier within 9 months after delivery of the shipment. The TO must promptly submit the TDR to the OFA so the OFA can meet this requirement. The 9-month limitation does not apply to GBL claims or claims for shipments moving under commercial forms for small domestic freight shipments.

5-8. All Short Shipments. The TO at the activity where the shipment should have been delivered initiates the TDR (see table 5-1 for exceptions). See AFR 75-2, paragraph 32-28 for TDR procedures when shipment has not been received. If all or part

of an "all short" shipment is later received, send AFATC/AJF a copy of the amended or cancelled TDR to adjust or clear the discrepancy.

5-9. Shipments (Including Multiple Service) Stopped in Transit for Partial Unloading:

a. When a discrepancy is observed in a shipment at a stopoff point, the intermediate consignee prepares and processes the discrepancy report.

b. Intermediate consignees forward the discrepancy reports and supporting documentation to the final destination consignee, regardless of service or agency.

c. The ultimate consignee develops additional information required for completion of the TDR for survey or claim purposes, and distributes copies, when TDRs have been prepared by other than ultimate consignee.

d. Supporting documentation includes a copy of the DD Form 1371, Consignee's Receipt for Delivery at Stopoff Unloading Point; a memorandum copy of the GBL; a copy of the shipping document; and a copy of the carrier's inspection report, if inspection was conducted.

5-10. International Shipments by Air. The International Air Transportation Convention of 12 Oct 1929, commonly referred to as the Warsaw Convention (49 Stat. 3000), established rules governing shipments moving between signatory nations by commercial airlines. Under Article 29 of the Warsaw Convention, a 2-year limitation applies on court actions against air carriers for loss or damage to international shipments (4 GAO 85.2). When the TO determines the carrier is responsible for loss or damage, the TO initiates, properly documents, and sends the original TDR to the OFA on a priority basis. The TO furnishes the carrier written notice of the damage within 14 days. For delayed (short) shipments, the TO sends written notice to the carrier within 21 days. Failure to comply in the time specified for notification of damage or delay precludes claim action against the carrier for recovery of damage or loss. The TO:

a. Gives the carrier, within 14 to 21 days, as applicable, a copy of the airbill, or other transportation instrument, showing damage or loss notation and date.

b. Notifies the OFA by message on the same day as the carrier is notified, of the damage or loss, including:

- (1) GBL number and date.
- (2) Appropriation charged for transportation.
- (3) Consignor and consignee.
- (4) Responsible carrier's name.

- (5) Type, cause, and amount of discrepancy.
- (6) Statement that carrier was notified of discrepancy, including date and method of notification.

c. Submits the documented TDR to the OFA, regardless of the status of negotiations with the carrier, without delay. Reporting procedures are per the Federal Claims Collection Standards as issued jointly by Department of Justice and the General Accounting Office (GAO). Procedures in 4 CFR 101-105 and GAO Manual, Title 4, require that the OFA send these claims to Department of Justice for litigation or to GAO, as applicable, per procedures prescribed in 4 CFR. International shipment by air claims for referral to Department of Justice or GAO, as applicable, must be referred at least 90 days before the expiration of the 2-year time limitation that applies to court actions against air carriers for loss or damage to international shipments under Article 29 of the Warsaw Convention.

5-11. Shipments Damaged by Fire or Wreck. CONUS military activities (nearest to scene of accident) are authorized through command channels to assist the carriers in inspection and disposition of government shipments damaged or destroyed by fire or wreck. The TOs at these activities:

- a. Promptly advise the shippers and the intended consignees of the facts and circumstances surrounding these incidents.
- b. Maintains accurate records of actual cost incurred by the government to assist the carrier. Separate cost of manhours, and equipment, and hourly rate for each must be submitted to the OFA with the TDR.
- c. Initiate the TDRs and send them to the intended consignees for completion, information for claim purposes, adjustment of records, and distribution (see AFR 75-18).

Section C—Developing Evidence and Documenting the TDR

5-12. Investigating the Discrepancy. The primary purpose of the discrepancy investigation is to determine responsibility for loss or damage and establish the full actual loss to the government. The TO, using the guidelines provided in part 1, develops the material facts contributing to the loss or damage within the time frames prescribed by AFR 75-18. The TO conducts an impartial investigation free of predetermined opinions as to responsibility for loss or damage. The investigation must establish such factors as proximate cause of damage, measure of loss or damage, market value or Federal Supply

Catalog or DLA Consolidated Management Data List values, preshipment repairable value, salvage allowance, depreciation, inspection by carrier, actual repair cost, and disposition of damaged property.

5-13. Evaluating Factual Information and Evidence:

a. The TO bases the determination of responsibility for loss or damage on sound and conclusive evidence compiled during the investigation and completes item 37 of the TDR to show the determination. The TO enters only factual information when describing discrepancies, and clearly defines the circumstances surrounding the loss or damage in the remarks section of the TDR. When facts are established from oral testimony, the person(s) who gave the testimony must be identified by name and position. Direct statements must be quoted. The TO may request assistance from the Staff Judge Advocate (SJA) in evaluating the evidence and determining responsibility for loss or damage (see chapter 2).

b. The TO obtains the findings of the contract administration officer (CAO) as to shipper or contractor liability under the terms of the contract when warranted by the evidence. When this responsibility is indicated, these findings are required even if carrier liability is involved. AFR 400-54 requires the use of SF 364, Report of Discrepancy, for reporting, adjusting, and accounting for item discrepancies in shipments determined to be shipper responsibility.

5-14. Documentation Guidelines. The Air Force objective is prompt and equitable settlement of transportation claims. It is imperative that the TO carefully and completely document the TDR with evidence to support the determination of carrier responsibility. The TO must use logic and sound judgment in determining documents required to support the TDR since the TO is the OFA's primary source of information. The TO must document each TDR, based on its own merits, keeping in mind that the OFA needs this documentation to support the claim. While exact rules are not established, factors such as preshipment condition of property, concealed loss or damage, clear receipt, high value, measure of loss or damage, and classified and special types of property require more extensive documentation (see chapter 3). Develop and document the TDR covering loss or damage of property whether owned by the Air Force or by another department or agency as provided in this chapter.

5-15. Documentation Requirements. The TDR must be a comprehensive report of transportation-type discrepancies in shipments of government property. The reports must be supported by documents sufficient to establish carrier liability. The TO must consider each case on its own merits based on the investigation and the evidence available. When the TO finds the carrier responsible for the discrepancy, the TO must use the guidelines provided in this regulation to support the original TDR. The OFA requires competent factual information and documented evidence to determine liability, establish the measure of loss or damage, and file an equitable claim against the carrier (see chapters 2 and 3).

5-16. Minimum Documentation Requirements:

a. The original-signed TDR when (dollar value exceeds \$100) showing (see paragraph 5-20a):

(1) The carrier's acknowledgement of discrepancy, date damaged material was inspected, or date inspection waived.

(2) The shipper's statement describing the conditions under which loading, blocking, and bracing took place, the adequacy of those actions, and who performed them. If applicable, the shipper must show if packing, loading, blocking, and bracing were performed per the terms of the contract, the rules of the Association of American Railroads (AAR), or American Trucking Association (ATA) and whether or not the loading was inspected by the carrier.

b. Consignee copy of the GBL or a copy of the CBL, as appropriate. On CBL FOB origin shipments, include a copy of paid invoice showing prepaid freight charges as a separate item. For reporting of discrepancies in shipment by commercial procedures for small domestic freight shipments, send a paid copy of the SF 1034, Public Voucher for Purchases and Services Other Than Personal, showing freight charges paid by the shipper.

c. Consignee copy of carrier's airbill, freight bill, or waybill showing discrepancy notation executed and signed by carrier's agent and consignee. If shipment was made by CBL, commercial air, a copy of the front and the back of the airbill are required because claims filing for these discrepancies are subject to time limitations cited on the back of the carrier's airbill and TDR must be processed as a priority.

d. A copy of completed shipping document (DD 1348-1, DOD Single Line Item Release, receipt document) including national stock number (NSN), nomenclature description, material condition,

quantity, and value of material shipped, or a completed copy of DD Form 1149, Requisition and Invoice/Shipping Document, or DD Form 250, Material Inspection and Receiving Report, as applicable. For shortages, when material listed on a single shipping document is packed in two or more containers or palletized units, the quantity packed in each container or unit must be shown on the shipping document or a packaging sheet. The actual recorded tally-out count must also be attached to support the shipping document(s) (see AFR 75-2, paragraph 29-9).

e. A copy of carrier's inspection report completed and signed by carrier's agent and signed by the consignee (see AFR 75-2, paragraph 41-8).

f. The original and one copy of statement of itemized actual repair cost. This may be AF Form 20, Repair Cost and Reparable Value Statement, itemized repair cost statement by other than an Air Force repair facility, or two copies of contractor's paid invoice for commercial repair. The repair cost statement must be signed by a technically qualified person aware of the extent of the damage. It must be itemized and include, if applicable, material, direct labor, overhead, transportation cost to and from the repair facility, repackaging costs, salvage allowance, and computation of depreciation (see chapter 3 and AFR 177-19).

g. The carrier's receipt for property released to carrier for salvage. It must show preshipment value as amount of government's loss and be signed by carrier or authorized agent.

h. When loss or damage results from an aircraft, rail, or highway accident, furnish a copy of the official accident report initiated by law enforcement personnel.

i. When a discrepancy in shipment involves freight shipped subject to NMFC Freight All Kinds (FAK), reporting activity must furnish a copy of the carrier's tender.

NOTE: Refer to attachment 1 for complete TDR checklist.

5-17. Special Documentation Requirements. Discrepancies in this category may require documentation in addition to that in paragraph 5-16.

a. Carload or Truckload Shipments:

(1) When a loss occurs, include the actual tally-out count of all items loaded into carrier's equipment. This should include shipment identification, carrier's equipment number, time, date, and checker's signature. Also state whether carrier's agent was present and witnessed the tally-out count (see AFR 75-2, paragraph 29-9).

(2) The TO must indicate whether vehicle

moved under shipper's load and count (SL&C), shipper's or carrier's seals, including seal numbers, if applicable (see paragraph 2-14). If carrier's seals were applied, whether vehicle was sealed before leaving loading area and condition of seals at destination. Show whether shipment moved from origin to destination under the same seals (see AFR 75-2, paragraph 29-14).

(3) **Concealed Loss or Damage:**

(a) An affidavit(s) by the person(s) who first discovered loss or damage showing time, place, and circumstances of discovery.

(b) The TDR (Request for Information (RFI)) must completely describe the shipment and show the date the carrier inspected damage, waived inspection, or accepted damaged material for salvage.

(c) The TO should observe the freight claim rules of the AAR or the ATA which provide that the consignee immediately reports loss or damage discovered after delivery of shipments by the carrier, and in any event, within 15 days after receipt of the shipment. The consignee holds the container(s) and contents, and requests prompt inspection by the carrier. The 15-day clause should not be construed as preventing a consignee from reporting concealed damage discovered more than 15 days after delivery. A claim for concealed damage is as valid as any other claim when the TO can prove carrier responsibility with factual information and documentary evidence (see AFR 75-2, paragraph 41-13).

(4) **Clear Receipt.** When the discrepancy notation has been omitted from the delivery receipt or consignee copy of the freight bill (FB) resulting in a clear receipt issued in error, or because of concealed loss or damage, the TO must support the TDR with the additional evidence prescribed in (3) above as well as the minimum documentation requirements.

(5) **Reparable Property.** When property shipped in reparable condition is lost, irreparably damaged, or damaged beyond economical repair, the TO, using the guidelines in chapter 3, supports the TDR with a statement showing computation of the reparable value.

b. Released, Declared, or Agreed Value Shipments. A separate repair-cost statement must be submitted with the TDR for each damaged article in a released value shipment. The government normally ships material subject to released rates at the highest valuation which produces the lowest cost, and absorbs the loss for in-transit loss or damage. Many carrier rates depend on valuation of the shipment. Applicable tariffs, special tenders, or

quotations often limit carrier liability to a stipulated value per pound, per article. Therefore, it is necessary to provide separate and valid data (repair cost and weight) for each such item to identify the actual measure of damage for each specific item.

5-18. Citing Accounting Classification. The TO enters the complete accounting classification to be credited for loss or damage, including the accountable station to which USAFAC credits the amounts collected, in item 46 of the TDR only under these conditions:

a. Loss or damage of Air Force stock fund (AFSF) or Air Force industrial fund (AFIF) items. The TO obtains the accounting classification from the AFO servicing the activity. The AFO processes these collections as appropriation reimbursements per AFR 170-25, or applicable AFIF manual.

b. Loss or damage of government property owned by departments or agencies other than the Air Force. The TO obtains the accounting classification from the disbursing office shown on the GBL.

5-19. Claim Required. Certain requirements must be met before the government can file claim for freight loss and damage in shipment. Each case is decided on its own merits. A claim must be valid and supported by firm evidence before it can be filed. The office of final action (OFA) examines and evaluates all evidence presented with the TDR. Based on that evidence, the OFA determines if the carrier can be held liable under the common law of carrier liability for freight loss or damage in transit. If that determination is made, the OFA files claim for recovery of the government's loss. Claim action is also required, regardless of value, for loss or damage of classified protected cargo, narcotics, alcohol, and alcoholic products.

5-20. Claim Not Required. The OFA does not file a claim when he or she determines the loss or damage is not carrier liability. Claims are not required and the TO does not send a TDR to the OFA:

a. If the value of the material or repair costs (including unearned freight charges) are \$100 or less, except for classified protected cargo, narcotics, alcohol, and alcoholic products. However, if carrier freight bills have been annotated indicating the discrepancy, a SF 1200, Government Bill of Lading Correction Notice, must be issued to the disbursing officer (DO) and OFA as authority to clear the discrepancy.

b. If carrier repairs damaged property at no cost to the government. AFR 177-19 prescribes the

procedure for repair of damaged property (except classified material) by the carrier. FAR, 42-1405, prescribes the procedure for carrier repair of property received by Air Force contract facilities.

c. When shipments of bulk petroleum move via pipeline, barge, or lake tanker. The Defense Fuel Supply Center (DFSC) field offices resolve discrepancies in these shipments with carriers (DOD 4140.25-M). See chapter 8 of this regulation for exception.

d. Shipments are via parcel post, government aircraft, vehicle, or cargo vessel. The TO processes losses and damages in these shipments per AFR 400-54.

e. Shipments on CBLs (FOB destination). The TO notifies the carrier of the discrepancy by noting the exception on the carrier's delivery receipt and promptly furnishes the CAO the discrepancy data for transmittal to the contractor.

TABLE 5					
INITIATING AND DISTRIBUTING THE TDR WHEN CARRIER IS RESPONSIBLE FOR LOSS OR DAMAGE AND CLAIM ACTION IS REQUIRED BY THE OFA					
R U L E	A	B	C	D	E
	If shipment originated from	is received by	and funds charged for transportation on GBL or CBL are	then the TDR will be initiated by	and original TDR (documented per paragraphs 5-14 through 5-17) will be sent to:
1	Air Force	Air Force	Air Force	TO of receiving activity	AFAFC/AJF.
2			other than Air Force		disbursing office shown on the GBL.
3		DOD activity	Air Force		AFAFC/AJF.
4			other than Air Force		disbursing office shown on the GBL.
5	DOD activity	Air Force	Air Force		AFAFC/AJF.
6			other than Air Force		disbursing office shown on the GBL.
7	Air Force	non-military government agency or commercial facility under government contract except GSA	Air Force	DOD CAS comp shown in DOD 4105.59-H	AFAFC/AJF.
8			other than Air Force		disbursing office shown on the GBL.
9	non-military government agency or commercial facility under government contract except GSA	Air Force	Air Force	TO of receiving activity	AFAFC/AJF.
10			other than Air Force		disbursing office shown on the GBL.
11	Air Force	commercial activity not under government contract	Air Force	TO of shipping activity	AFAFC/AJF.
12			other than Air Force	TO of activity directing shipment	disbursing office shown on the GBL.
13		CONUS terminals Air Force	Air Force	terminal TO	AFAFC/AJF.
14		CONUS terminals		TO of receiving activity	
15		Air Force		GSA receiving depot	
16	GSA	Air Force	TO of receiving activity.		
17			GSA		See AFR 75-18, Appendix G.

NOTES:

1. Paragraph 5-7b prescribes the procedure for initiating a TDR on prepaid FOB origin shipments (see FAR, 42-1405).
2. Paragraph 5-9 prescribes the procedure for initiating the TDR on stop-in-transit shipments (see AFR 75-18 and AFR 75-2,

paragraph 32-29).

3. Air Force includes ANG and Air Force Reserve activities.
4. CONUS terminals include Air Force and Army air and water terminals.

Chapter 6

DISTRIBUTION OF THE TDR TO OFFICE OF FINAL ACTION (OFA)

6-1. Distribution Guidelines. This chapter and table 5-1 provide instructions and requirements for distribution of the original TDR to the OFA when the carrier is responsible for in-transit loss and damage.

6-2. Distribution When AFAFC Is the OFA. When the TO finds the carrier responsible for loss or damage and Air Force funds are cited for transportation on the GBL or CBL, the TO sends the original TDR, documented as required by paragraphs 5-14 through 5-17, to AFAFC/AJF, Denver CO 80279-5000. AFAFC/AJF may also be the OFA if Air Force funds are not charged for transportation on the GBL (see paragraph 5-9). Before submission to the OFA, cite appropriation or fund to be credited for value or repair cost, only under the conditions stated in paragraph 5-18.

6-3. Distribution When AFAFC Is Not the OFA. Generally, the OFA is the same office as the disbursing office shown in the Charges To Be Billed To block of the GBL. Transportation funds of the service that funded the shipment are shown in the Appropriation Chargeable block of the GBL. The TO documents the TDR, per paragraphs 5-14 through 5-17 and enters the accounting classification required by paragraph 5-18b if the carrier is

responsible for loss or damage. The TO sends the original TDRs to the OFA except those covering discrepant shipments cited in the following paragraphs.

6-4. Air Force Exchange Service Shipments. GBLs may not be used for shipments to or from Air Force nonappropriated revenue producing activities identified in AFR 34-3, volume VIII, except when transportation charges are payable from appropriated funds (see AFR 75-1, chapter 14, and AFR 147-7). When a discrepancy in shipment occurs on a GBL, send the original TDR to Headquarters Army-Air Force Exchange Service, ATTN: CM-1, P.O. Box 222305, Dallas TX 75222.

6-5. General Services Administration (GSA) Shipments. When the GBL cites GSA (47) funds, send the original TDR, documented as required by paragraphs 5-14 through 5-17, to the GSA Discrepancy Reports Center (6FRT) 1500 E Bannister Road, Kansas City, MO 64131. See AFR 75-18, appendix G for GSA addresses.

6-6. Reporting Activity File Copies of TDRs. The reporting activity must maintain a copy of all TDRs and supporting documents for future reference. Documents will be maintained and disposed of per AFR 12-50, volume II, table 75-4, rule 2.

Chapter 7

RESPONSIBILITY TO REPORT AMENDATORY ACTION ON TDRs TO THE OFFICE OF FINAL ACTION (OFA)

7-1. Reporting Responsibilities. This chapter provides instructions for amending, correcting, or cancelling the TDR after it is processed to the OFA. These reports are considered processed when released by the reporting activity. The TO or his or her designated agent makes sure that amended actions are promptly reported to the OFA.

7-2. Amending, Correcting, or Cancelling the TDR. This report may be amended, corrected, or cancelled at the reporting activity before processing. Minor changes may be made by the reporting activity or the OFA after processing but other offices included in the distribution must also be notified of the change. AFR 75-2, paragraph 32-32 requires the use of SF Form 1200, Government Bill of Lading Correction Notice, for alterations and corrections of the GBL. It will also be used to clear discrepancy annotations on carrier's delivery documents when discrepancy is not reportable under TDR procedures. For changes to or cancellation of the TDR, the TO will use a copy of the TDR per AFR 75-18, paragraph 1-9b. This copy will be annotated "Cancelled" at the top and bottom and the reason for the cancellation will be shown in Item 13. The TDR will be signed and dated by the individual making the change or cancellation. A copy of the SF 1200 or cancelled TDR as appropriate must be sent to the OFA within 10 workdays. The OFA must develop TDRs which are incomplete, inadequately documented, or require further investigation or evidence from the consignor or consignee. The TO must furnish additional evidence as required by the OFA.

7-3. Freight Loss and Damage Claims Reopened. Claims filed by the OFA may be reopened by the carrier, reporting activity, shipper, OFA, or by direction of higher authority. The OFA must review the protest or evidence which reopens the claim and decide whether to reinvestigate, amend, sustain, or withdraw the claim. The OFA requests the reporting activity to reinvestigate the discrepancy, if required.

The claim file will not be returned with the request. When the OFA sends a request to the TO for further investigation, the TO must furnish the requested evidence to the OFA.

7-4. Carrier Protests. The OFA is required to answer carrier requests for documents or reconsideration of the claim. Activities receiving misdirected inquiries promptly send them to the appropriate OFA and advise the carrier of the referral. TOs are encouraged to cooperate with carriers to resolve issues locally. However, they must not make comments or commitments to carrier agents concerning liability or amount to be charged for loss or damage. The TO must promptly develop and return to the OFA all carrier requests for reinvestigation.

7-5. Shortage Located or Delivered. AFR 75-18, paragraph 1-9b, requires that the TO use a copy of the TDR with appropriate notations to adjust or clear the discrepancy if part or all of a shipment reported lost in transit is found or delivered by the carrier. The TO must send a copy of the amended/cancelled TDR to the OFA within 10 workdays if the TDR has been processed. If a TDR has not been transmitted to the OFA, a SF 1200 must be issued per AFR 75-2, paragraph 32-36c(2).

7-6. Federal Claims Collection Act of 1966 (Public Law 89-508, 80 Statute 308) and Amendment as Generated by Debt Collection Act of 1982 (Public Law 97-365, 25 Oct 1982). The revision generated by the Debt Collection Act of 1982 (Public Law 97-365), prescribes standards for the administrative collection, compromise, termination of agency collection action, and referral of claims to GAO or to the Department of Justice for litigation, as applicable. The TO must send TDRs or inquiries concerning these claims to the appropriate claims office. They must also send all inquiries received from carriers concerning compromise, litigation, suspension, or termination of collection actions to the appropriate OFA for processing.

Chapter 8

**SPECIFIC TYPES OF DISCREPANCIES
TO BE REPORTED TO AFAFC FOR CLAIM ACTION**

8-1. Government Property Checked as Baggage.

When a traveler checks government property as baggage and the property is lost or damaged, the discrepancy must be reported to Air Force Accounting and Finance Center (AFAFC) for claim action. The traveler must notify the carrier's representative before leaving the airport. A copy of the carrier's report will be made to support the AF Form 198, Report of Survey For Air Force Property. The AF Form 198, Report of Survey for Air Force Property, with the following documents will be submitted to AFAFC/AJF:

- a. Copy of the transportation request (TR) or AF Form 529, Request for Air Carrier Service.
- b. Baggage claim check(s).
- c. Copy of the carrier report to support the AF Form 198 and documentation of verbal communication with the carrier (see AFR 177-111, paragraph 12-8).
- d. A list of all articles lost or damaged, showing national stock number, value, condition of items, and source of value.

8-2. Government-Owned Caskets Transporting Remains of Deceased Personnel. When a government-owned casket is damaged during shipment of remains of a deceased person, the TO will assist the mortuary affairs officer with the preparation and submission of the report to AFAFC/AJF for claim action. The following documents are required:

- a. AF Form 1947, Escort Report.
- b. Statement by the funeral director as to the extent of damage.
- c. Invoice showing cost of replacement.
- d. Copy of the TR.
- e. Copy of all carrier airway bills.

f. Citation of the appropriation for crediting collection.

8-3. Accessorial or Special Military Service Requested by the Shipper. When the carrier fails to provide the accessorial or special military service as ordered by the shipper, TOs must report the carrier's failure to provide this service per AFR 75-18 regardless of the amount. When the GBL cites Air Force (57) funds, send the TDR and a copy of the following documents to AFAFC/AJF, Denver CO 80279-5000:

- a. The GBL.
- b. The DD Form 1907, Signature and Tally Record, for surface shipments.
- c. The Air Industry Internal Form AC-10, (Signature and Tally Record for Air Shipment) for air shipments.
- d. The carrier freight bill.

If the service requested did not require a DD Form 1907 or Form AC-10, the TO must submit a statement showing the services ordered by the government were not performed by the carrier.

8-4. Bulk Petroleum. Discrepant shipments of bulk petroleum are excluded from TDR reporting procedures by AFR 75-18. (See DOD 4140.25M, chapter 5.) Certain bulk petroleum products are unique to the Air Force and are not covered by DOD 4140.25M. These products are managed by SA-ALC/SFR Kelly AFB TX 78241. AFAFC/AJF will, upon request from SA-ALC/SFRM, process claim for bulk petroleum products which are unique to the Air Force and managed by SA-ALC/SFR. Documentation requirements are cited in paragraphs 5-16 and 5-17.

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

LARRY D. WELCH, General, USAF
Chief of Staff

NORMAND G. LEZY, Colonel, USAF
Director of Information Management
and Administration

SUMMARY OF CHANGES

This revision updates policies and procedures for freight loss and damage claims purposes and implements changes relating to reporting transportation discrepancy reports per AFR 75-18 and AFR 75-2. The amount reportable for loss or damage claim purpose is changed from \$50 to \$100 (paras 1-3 and 4-4). Also new documentation requirements have been added (attach 1). The entire text has been edited to update office symbols, references, and clarify contents.

CHECKLIST

DOCUMENTATION REQUIRED TO SUPPORT THE TDR

(See paragraphs 5-16, 5-17, or 5-18, as appropriate)

1. Discrepancy Reports (Shortages). The file should include the following required documents, as applicable.

a. Copy of government bill of lading (GBL) or commercial bill of lading (CBL). When discrepant shipment involves freight subject to NMFC for freight all kinds, reporting activity must furnish a copy of the carrier's tender.

b. Copy of consignee's copy of the carrier's delivery receipt with discrepancy noted and signed by the carrier's driver and by consignee. For commercial air shipments, a copy of both the front and back of the air bill are required. Commercial air discrepancies in shipment must be reported on a *priority* basis.

c. Copy of shipping document completed to show National Stock Number, quantity shipped, material condition, unit cost, and noun or nomenclature as shown by the Federal Supply Catalog (freight classification as usually shown on the GBL is not adequate for claim purposes). This shipping document may be DD Forms 1348-1, 250, 1149, or 1155.

(1) When there is a consolidation of documents in a carton (for example, lead TCN consolidated with 12 other documents), a completed copy of each document in the consolidation is required to establish the actual loss.

(2) When property is shipped in reparable (F) condition, a reparable value statement is required (citing the actual preshipment value) per paragraph 3-8.

d. Copy of a document showing consignee's supply records have been researched for confirmation of whether or not the property checking short has been received. If ultimate consignee is overseas, they should be contacted for confirmation of whether or not shipment has been received and a copy of such reply should be included in the TDR file.

e. A copy of the debit document showing how many items were received on a partial delivery (for example, one box of two received).

f. A copy of shipper's reply to TDR (Request for Information, RFI) confirming whether or not shipment was shipped as billed and condition of property when tendered to the carrier.

g. Copy of tally-out and tally-in records for truckload shipments when carrier is determined responsible for shortage (see paragraphs 5-17a(1)

and (2)). Copy of the tally-out or tally-in record truckloading/unloading manifest for any shipment that is considered to be shipper load and count and/or consignee unload. When shipper load and count is applicable, the burden of proof reverts to the government and it is the duty of the shipper to prove that goods claimed to have been lost or damaged were actually delivered to the carrier in good condition. This can be done by a loading or unloading tally sheet or other documentation such as an affidavit by person(s) who were aware of proper and correct loading.

h. For concealed loss or damage or clear delivery receipts, signed affidavit(s) by person(s) who first discovered the loss or damage, showing time, place, circumstances of delivery, and explanation as to why damage/shortage was not noted at the time of delivery.

i. Appropriation to be credited for value of property when value is to be credited to other than the Air Force.

j. For commercial forms and procedures for small domestic shipments (data must be entered on CBL per AFR 75-1, paragraph 22-4c), reporting procedures are per AFR 75-18 and documentation requirements are per this regulation. A copy of the CBL and SF 1034 paid by the shipper for transportation is required.

k. For United Parcel Service (UPS), TDR reporting procedures are per AFR 182-2, paragraph 4-13. TDR file should include documents as required by paragraph 5-16 and a copy of the UPS delivery record. A copy of the UPS tracer and loss and damage investigation as required by AFR 182-2, paragraph 4-13, should also be included (not applicable for classified or protected shipments).

l. Prepaid free on board (FOB) origin shipments: Reported per AFR 75-18 and documented per paragraph 5-16. A copy of the contractor's paid invoice (per paragraph 5-7) is also required. Procurement should instruct the finance officer to pay for all freight tendered to the carrier at origin. Then, if there is an in-transit loss, a TDR should be initiated and forwarded to the office of final action (OFA) for claim against the carrier.

2. Discrepancy Reports (Damages). The file should contain the following documents, as required:

a. Copy of the GBL or CBL.

b. Copy of the consignee's copy of the carrier's

delivery receipt showing damage notation signed by the carrier's driver and by consignee. (The delivery notation should never show measure of damage, personal opinions, or any qualifying statements.) For MTMC terminals and outports, a copy of the properly executed expected receipt listing (ERL).

c. Copy of the shipping document completed to show the NSN, quantity shipped, noun, or nomenclature as shown by the Federal Supply Catalog, material condition and unit cost. This may be the DD Form 1348-1, DOD Single Line Item Requisition System Document; DD Form 250, Material Inspection and Receiving Report; DD Form 1149, Requisition and Invoice/Shipping Document; or DD Form 1155, Order for Supplies and Services.

d. Copy of the carrier's inspection report signed by the carrier's representative and by the consignee.

e. Copies of the photographs made of damaged property—before off-loading, if possible and show carrier, GBL or CBL number, and date shipped, TCN number, and NSN, to identify property.

f. Original and one copy of the itemized actual repair cost statement. For the Air Force, this may be the AF Form 20, Repair Cost and Repairable Value Statement, or an itemized actual repair cost statement prepared in the format shown in this regulation or AFR 177-19, as applicable. Statement must be prepared and signed by a technically qualified person aware of the extent of damage.

Two copies of the contractor's paid invoice for commercial repair are required. See paragraph 5-16f and AFR 177-19, paragraphs 1-11 and 1-12, as applicable.

g. Copy of carrier's receipt for property released to the carrier for salvage. It must show the preshipment value as amount of government's loss and must be signed by the carrier or their authorized agent. Do not release classified or protected items or items shipped under released rates to a carrier or any unauthorized personnel for repair or salvage.

h. Copy of official accident report initiated by law enforcement personnel for loss or damages due to aircraft, rail, or highway accidents.

i. Copy of GBL and/or freight bills for transportation costs to and from the repair facility.

j. Copies of documents same as required for a shortage, for concealed damages, or clear delivery receipt (see paragraph 1h above).

k. Copy of the shipper's reply to TDR (RFI), describing conditions under which loading, blocking, and bracing took place, the adequacy of those actions, and who performed them. If applicable, shipper must show if packing, loading, blocking, and bracing were performed according to the terms of the contract, the rules of the Association of American Railroads, or American Trucking Association, and whether or not loading was inspected by the carrier.

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DIRECTIVES

AFR 34-3, Volume VIII, NAF, Insurance Programs (PA)
AFR 75-2, Defense Traffic Management Regulation
AFR 75-18, Reporting of Transportation Discrepancies in Shipments
AFR 147-7, Army and Air Force Exchange Service (AAFES) General Policies
AFR 177-19, Uniform Settlement of Military Freight Loss and Damage Claims
AFR 182-2, Postal, Small Parcel, and Distribution Management
AFR 400-54, Reporting of Item and Packing Discrepancies
AFR 12-50, Volume I, Disposition of Air Force Documents, Policies, Procedures, and Responsibilities
AFM 67-1, Volume I, Part Two, USAF Supply Manual